



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

ENERGY

IN THE MATTER OF THE ENERGY DISTRIBUTION
UTILITIES' REQUEST FOR TARIFF CHANGES TO
THEIR TARIFF FOR ELECTRIC SERVICE AND
TARIFF FOR GAS SERVICE WHICH DO NOT
PROPOSE AN INCREASE IN CHARGES TO
CUSTOMERS PURSUANT TO N.J.A.C. 14:1-5.11

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ORDER
BPU Dkt. No. AT04111451

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 30, 2004, the "Business Retention and Relocation Assistance Act" (Act), P.L. 2004, c.65 became law. The Act, among other things, provides incentives for business relocation and retention in New Jersey. Section 23 of the Act provides for an exemption from taxes imposed under the "Sales and Use Tax Act", P.L.1966, c. 30(C.54:32B-1 et seq.) (SUT) for retail sales of energy and utility service to qualified businesses operating in an urban enterprise zone.

On November 23, 2004, a Joint Petition was filed on behalf of Atlantic City Electric Company d/b/a Conectiv Power Delivery, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric and Gas Company, Rockland Electric Company, and South Jersey Gas Company (jointly, the energy distribution utilities or EDUs). The EDUs filed proposed tariffs incorporating the aforementioned exemption of Sales and Use Tax (SUT) so that they will be in compliance with current New Jersey law. The EDUs indicated that their proposed revised tariff changes are neither designed nor expected to increase rates to nor to obtain additional revenues from electric and/or natural gas customers. The EDUs requested that the Board, pursuant to N.J.A.C. 14:1-5.11, issue a written Order making effective the tariff revisions thirty days from the date of the filing or earlier as directed by the Board pursuant to N.J.A.C. 14:1-5.11(a) 4.

On December 6, 2004, the Division of the Ratepayer Advocate filed a letter with the Board indicating that they have reviewed the draft electric and gas tariffs submitted by the EDUs and that they have no objection to the implementation of the tariffs.

Pursuant to the Act, retail sales of energy and utility service to customers in the following two groups are exempt from the SUT:

1. a qualified business that employs at least 500 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone, and
2. a group of two or more persons:
 - a. each of which is a qualified business that are all located within a single redevelopment area adopted pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.);
 - b. that collectively employ at least 500 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process;
 - c. are each engaged in a vertically integrated business, evidenced by the manufacture and distribution of a product or family of products that, when taken together, are primarily used, packaged and sold as a single product; and
 - d. collectively use the energy and utility service for the exclusive use or consumption of each of the persons that comprise a group within an enterprise zone;

A qualified business will continue to be subject to applicable Board of Public Utilities tariff regulations except that its bills from utility companies and third party suppliers for energy and utility service shall not include charges for the SUT.

Further, the Act provides that a business that meets the requirements for the exemption shall not be allowed the exemption granted pursuant to this section until it has complied with such requirements for obtaining the exemption as may be provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) and P.L.1966, c.30 (C.54:32B-1 et seq.). The Chief Executive Officer and Secretary of the Commerce and Economic Growth Commission shall provide prompt notice to the President of the Board of Public Utilities and to the Director of the Division of Taxation in the Department of the Treasury, of a qualified business that has qualified for the exemption under Section 23 of the Act and shall provide the president and the director an annual list of all businesses that qualify.

DISCUSSION AND FINDINGS

The Board has reviewed the proposed tariffs filed by the EDUs in this proceeding. The Board **HEREBY FINDS** the proposed tariffs to be in the public interest as they will allow the EDUs to comply with the SUT exemption provisions for retail sales of energy and utility service provided by the Act and these provisions will promote economic development in the state by retaining jobs in New Jersey. Moreover, this will be achieved while adhering to principles established in the New Jersey State Development and Redevelopment Plan ("Plan") by encouraging

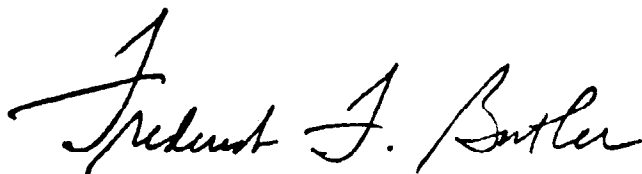
businesses to relocate to and remain in our cities, providing jobs and helping to revitalize our cities. Accordingly, the Board HEREBY APPROVES the proposed tariffs, nunc pro tunc, effective June 30, 2004. The EDU's are DIRECTED to file tariff sheets that reflect the approved effective date within ten (10) days of the date of this Order.

DATED: 12/23/04


BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER

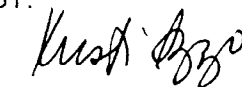


CONNIE O. HUGHES
COMMISSIONER



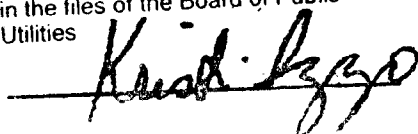
JACK ALTER
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



I/M/O EDU's Request for Tariff Changes Which do not Proposed an Increase in Charges Pursuant to NJAC 14:1-5.11
Business Retention and Relocation Assistance Act, P.L. 2004, c.65. Docket No. AT04111451

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